

Variable Insurance Annuity Fund Program

Abstract of the Disclosure

[0051] Premium payments on a variable life insurance product are used to purchase shares of an arbitrage fund. The arbitrage fund owns an interest in one or more leveraged annuity and one or more leveraged life insurance policy issued on the life of one or more client. Premium payments on the leveraged life insurance are financed by annuity proceeds. A loan is obtained to purchase the leveraged annuity or annuities and the leveraged life insurance. The loan amount is less than the death benefit of the leveraged life insurance. Upon death of the client(s), said death benefit is used to repay the loan, with any remainder being net arbitrage proceeds. Net arbitrage proceeds are distributed to the arbitrage fund in accordance with its interest therein. The death benefit of the variable life insurance product thus includes the value of the purchased arbitrage fund shares.

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